

COMMONWEALTH OF KENTUCKY  
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of:

PETITION OF COLUMBIA GAS OF KENTUCKY, INC.     )  
FOR AUTHORITY TO ADJUST RATES IN ACCORDANCE    )  
WITH THE PURCHASED GAS ADJUSTMENT PROCEDURE    )     CASE NO. 7273-Q

O R D E R

On January 29, 1981, Columbia Gas Transmission Corporation (Transmission) filed with the Federal Energy Regulatory Commission (FERC) a general rate increase proposed to be effective March 1, 1981. The Commission has no jurisdiction in that case.

On November 9, 1978, the President of the United States signed into law the Natural Gas Policy Act of 1978, which established significantly higher rates for producers of certain categories of natural gas. This federal legislation has resulted in higher gas costs to interstate pipeline companies serving the various gas consuming states, including Kentucky. Once the FERC approves the right of these interstate transmission companies to pass this increased cost on to its distribution company customers, state commissions must, in turn pass on the matter of intrastate distributors recovering their increased cost of gas by adjusting their basic rates to their customers.

On April 23, 1979, this Commission issued its Final Order in Case No. 7273, approving certain adjustments in the rates of Columbia Gas of Kentucky, Inc., (Columbia) and providing under certain conditions for further adjustment of rates when the wholesale cost of gas is increased or decreased.

On February 4, 1981, the Applicant notified the Commission that its wholesale cost of gas would be increased by its supplier, Columbia Gas Transmission Corporation (Transmission) effective March 1, 1981, and submitted with its Notice certain information in compliance with this Commission's Order of April 23, 1979.

Columbia has reduced the PGA to pass-on to all customers excess revenues collected due to the incremental pricing of non-exempt industrial boiler fuel.

This reduction will be in effect for the period March 1, 1981 through August 31, 1981, as required by the Industrial Boiler Fuel Rider of Columbia's Tariff, PSC Ky. No. 4

The Notice set out certain revisions in rates which the Applicant proposed to place in effect, said rates being designed to pass on the wholesale purchase price from its supplier in the amount of \$7,365,481 or \$.246 per thousand cubic feet.

After reviewing this evidence of record and being advised, the Commission is of the opinion and finds:

1. The Commission has long stated (in writing to FERC) its opposition to the procedures and regulations used by the Federal Energy Regulatory agency in approving these supplier increases. We continue to be opposed and are continuing to seek alternative ways to overcome the regulatory inequities which have such a direct impact on the retail consumers.

2. The Federal Energy Regulatory Commission approval of a wholesale rate increase to a Kentucky gas retailer requires approval by the Commission of rates that will permit the Kentucky utility to adjust its customer charges to reflect the added purchase cost, or alternately the utility must absorb the added cost. We are of the opinion that failure to allow this increase to be passed through to its retail consumers on a timely basis would be unjust to the Company and would ultimately result in higher rates to their consumers in any event.

3. When the FERC "accepts" Transmission's filing, Transmission will begin charging the Applicant the new rates. This Order cannot be implemented until and unless this occurs.

4. That the Applicant's supplier, Transmission has filed with the FERC for increased rates to become effective March 1, 1981.

5. That this increase reflects Transmission's rates as filed with FERC on January 29, 1981, to be effective March 1, 1981, and includes the reduction to pass-on to all customers excess revenues collected due to the incremental pricing of non-exempt industrial boiler fuel.

6. That the Commission should allow the Applicant to place into effect, subject to refund, the rates set out in Appendix "A" as soon as Transmission's filing is "accepted" by FERC.

7. That the Applicant's adjustment in rates under the Purchased Gas Adjustment Clause approved by the Commission in its Order in Case No. 7273 dated April 23, 1979, is fair, just and reasonable, in the public interest and should be effective with gas supplied on and after the date the increased cost of whole-sale gas becomes effective.

IT IS THEREFORE ORDERED that said Purchased Gas Adjustment sought by the Applicant and adjusted as aforesaid mentioned be and the same is hereby approved to be effective subject to refund, with gas supplied on and after the date the increased cost of wholesale gas becomes effective ("acceptance" by FERC) as set out in Appendix "A" attached hereto and made a part hereof.

IT IS FURTHER ORDERED that Columbia Gas of Kentucky, Inc., shall maintain its record in such manner as will enable it, or the Commission, or any of its customers to determine the amount to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that the information furnished this Commission by Applicant on February 4, 1981, constitutes full compliance with the Commission's Order in Case No. 7273 and any other information ordinarily required to be filed under the Commission's Regulations is hereby waived.

IT IS FURTHER ORDERED that within thirty (30) days after the date the increased cost of wholesale gas becomes effective, Applicant shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 25th day of February, 1981.

ENERGY REGULATORY COMMISSION

ATTEST:

  
By the Commission

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Secretary

# APPENDIX "A"

## APPENDIX TO AN ORDER OF THE ENERGY REGULATORY COMMISSION IN CASE NO. 7273-Q DATED FEBRUARY 25, 1981

The following rates and charges are prescribed for the customers in the area served by Columbia Gas of Kentucky, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

### RATES:

#### Rate Schedule G-1

#### Rate Per M.C.F.

##### Residential

First	1 MCF or less per month	\$4.880
Next	49 MCF per month	3.604
Next	50 MCF per month	3.554
Next	100 MCF per month	3.524
Next	800 MCF per month	3.494
Over	1,000 MCF per month	3.474
	Minimum Monthly Charge	4.88

##### Commercial and Industrial

First	1 MCF or less per month	\$5.105
Next	49 MCF per month	3.755
Next	50 MCF per month	3.705
Next	100 MCF per month	3.675
Next	800 MCF per month	3.645
Over	1,000 MCF per month	3.625
	Minimum Monthly Charge	5.11

#### Rate Schedule AC-1: (Canceled)

#### Rate Schedule FC-1

##### Firm

First	1,000 MCF per month	\$3.556
Over	1,000 MCF per month	3.506

##### Curtaillable

All Volume	\$3.356
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#### Rate Schedule FI-1

##### Firm

First	5,000 MCF per month	\$3.503
Over	5,000 MCF per month	3.473

##### Interruptible

All Volume	\$3.293
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Rate Schedule FI-2Rate Per M.C.F.Firm

First 50,000 MCF per month	\$3.402
Over 50,000 MCF per month	3.332

Interruptible

All Volume	\$3.242
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Rate Schedule IS-1April through November

For all Volumes delivered each month up to and including average monthly Winter Volumes	\$3.702
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For all Volumes in excess of the average monthly Winter Volumes	\$3.302
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December through March

All MCF	\$3.702
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Rate Schedule IUS-1

All Volumes	\$3.347
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The base rates for the future application of the Purchased Gas Adjustment Clause are:

Columbia Gas Transmission Corporation

<u>Zone 1</u>	<u>Demand Per MCF</u>	<u>Commodity Per MCF</u>
Schedule CDS	\$2.22	266.00¢
Schedule WS		
Demand	\$0.72	
Winter Contract Quantity	2.15¢	

Zone 3

Schedule CDS	\$2.22	266.00¢
Schedule WS		
Demand	\$0.72	
Winter Contract Quantity	2.15¢	

All Zones

Schedule SGES	22.37¢
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Columbia LNG Corporation

LNG, All Volumes	\$4.79
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Crawford Storage Service

	<u>Demand</u>
Storage Service Quantity	7.25¢
Quantity Injected	.24¢
Quantity Withdrawn	.24¢
Quantity Transportation	15.70¢
Fuel and Gas Lost Percentage	2.47%